



1999

Presidential Awards for Excellence in  
Microenterprise Development

Application for  
Excellence in Providing  
Access to Capital

*The Presidential Awards for Excellence in Microenterprise Development are administered by the Community Development Financial Institutions Fund (Fund); however, they are separate and apart from the CDFI Program and the Bank Enterprise Award (BEA) Program. Winning a Presidential Award is not contingent on receipt of assistance from the CDFI Fund through the CDFI Program or the BEA Program. Also, winning a Presidential Award does not imply eligibility for financial or technical assistance from the CDFI Fund. Similarly, winning a Presidential Award does not imply certification as a CDFI, and certification as a CDFI does not imply eligibility for a Presidential Award.*

#### *Paperwork Reduction Act Notice*

*This application package is provided to applicants for awards under the Presidential Awards for Excellence in Microenterprise Development Program. The estimated average burden associated with this collection of information is 35 hours per respondent, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Community Development Financial Institutions Fund, 601 13th Street, NW, Suite 200 South, Washington, DC 20005.*

# Application Cover Sheet

## Excellence in Providing Access to Capital

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*Please attach this sheet to the top of your application package.*

Microenterprise Program Name: \_\_\_\_\_

Applicant Organization: \_\_\_\_\_

Contact Person Name and Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Street Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

Estimate how many hours this application took to complete: \_\_\_\_\_

*Optional:*

- ☐ My organization wishes to be considered for a Presidential Award in the Excellence in Program Innovation award category. (Please see Program Innovation Essay on page 14.)

Applications must be received at the offices of the Fund, no later than 6:00 p.m., EST, Tuesday, August 3, 1999. Send applications to:

Attn: Awards Manager  
Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
601 13th Street, NW, Suite 200 South  
Washington, DC 20005

Applications faxed or sent via e-mail will not be accepted.

# Introduction

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The application for the Access to Capital award category consists of the following parts: eligibility information, narrative responses, management information, and an essay. Each applicant shall submit the information requested in each of these parts.

Applicants in the Access to Capital award category are evaluated using selection criteria discussed in the Program Overview. The selection criteria are: scope and scale; impact; program design effectiveness; quality; sustainability; financial health and organizational structure; adaptability; and leadership.

Applicants under the Access to Capital award category that wish also to be considered for a

Presidential Award under the Program Innovation award category should complete this Access to Capital application and respond to the essay questions on page 14. The Program Innovation section of this application is **optional** for Access to Capital applicants. An applicant may not receive an award under both the Access to Capital and the Program Innovation award categories in the same year.

The Fund reserves the right to contact an applicant to obtain clarifying or technical information, as necessary. The Fund will not accept information submitted after the application deadline that has not specifically been requested by the Fund for the purpose of obtaining clarifying or technical information.

# Part I: MDO Eligibility Information

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In order to apply for a Presidential Award under this award category, an applicant must meet the requirements of a Microenterprise Development Organization (MDO). MDO is defined in the Program Overview of the application packet. In order to establish eligibility as an MDO, please provide the following information:

Name of Applicant: \_\_\_\_\_

Month and Year that applicant began operations	
Number of Micro Loans made directly to Microenterprises within the past 12-months	
Number of Micro Loans made indirectly to Microenterprises within the past 12-months through partner organizations	
Number of clients served since inception	
Number of Microentrepreneur clients served since inception	
Total dollar amount of operating expenses incurred during the most recent fiscal year	
Total dollar amount of operating expenses incurred during the most recent fiscal year that support Microenterprise activities	
Total Full Time Equivalent Employees (see definition on page 10)	
Total Full Time Equivalent Employees dedicated to Microenterprise activities	

1. Has your organization received an award in this award category within the past three years?

*Note: If an applicant has received an award in a specific award category, such applicant is ineligible to apply for an award in the same category for a period of three years. For example, a 1998 award winner in a category cannot apply for an award in that same category until the year 2002.*

☐ YES

☐ No

2. Is your organization a department, agency or instrumentality of the United States government?

*Note: Departments, agencies or instrumentalities of the United States government are not eligible to apply for a Presidential Award.*

☐ YES

☐ No

## Part I: MDO Eligibility Information

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3. Does the applicant exclusively serve or have a program that exclusively serves individuals that are residents of the United States, including the District of Columbia, or any territory of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands?

☐ YES

☐ No

4. Does the applicant provide Microentrepreneurs with access to Micro Loans directly or indirectly through a formal partnership with another organization? Check all that apply.

☐ makes loans directly;

☐ provides guarantees or other credit enhancements on loans made by other organizations;

☐ provides access to credit through a formal partnership with another organization *(Please attach copy of written agreement or letter of understanding with such organization evidencing such partnership); or*

☐ Other (Explain): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Does the applicant provide Microentrepreneurs with access to training, counseling or technical assistance directly or indirectly through a formal partnership with another organization? Check all that apply.

*Note: Such training, counseling or technical assistance must provide assistance to Microentrepreneurs for the purpose of enhancing business planning, marketing, management, financial management, or other aspects of developing a successful business.*

☐ provides services directly:

☐ provides access to services indirectly through a formal partnership with another organization *(Please attach copy of written agreement or letter of understanding with such organization evidencing such partnership); or*

☐ Other (Explain): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Part II: Narrative Responses

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Please provide a narrative which addresses the items outlined below. The narrative response shall not exceed 20 pages in length. If an applicant submits more than 20 pages, the Fund reserves the right not to consider information provided beyond the 20th page of narrative text. All pages of the narrative should be numbered.

### Scope and Scale

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**Scope:** List your program activities (e.g. loans, technical assistance) and describe the key features of these activities (e.g. if you make loans, discuss the nature, terms, and conditions of the loan products offered). If applicable, describe key partners that assist in carrying out your activities including any linkages your program provides to traditional sources of financing. If a key element of your program involves a partnership with another organization, discuss how you ensure quality performance by your partner.

**Scale:** Complete the Program Scale Chart on page 8. Discuss how the scale of your activities relates to the programmatic and operational goals of your organization. Discuss whether your organization has any plans to increase the scale of its activities in the future, and the greatest challenges faced by your organization in increasing scale.

### Impact

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**Impact:** Complete the Program Impact Chart on page 9. Discuss the impact of your organization in increasing access to capital for Microentrepreneurs served by your program. Discuss any community development impact or other qualitative benefits created by your program.

**Measuring Effectiveness:** Describe the measures or indicators used by your organization to assess its impact or effectiveness in increasing access to capital among Microentrepreneurs.

**Evaluation and Monitoring:** Describe the systems and procedures used by your organization to evaluate and monitor its performance and to track the activities of current and former clients. Discuss how the results of such evaluations have affected your operations.

### Program Design Effectiveness

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**Mission:** Discuss the mission and/or purpose of your Microenterprise development activities. Describe the key goals and objectives that your program seeks to achieve through its support of Microentrepreneurs, emphasizing how those goals relate to increasing access to capital.

**Target Market:** Describe: (1) the target market that your organization serves or seeks to serve, including its geographic service area and/or target group (e.g. welfare recipients, women, immigrants, public housing residents); (2) how your organization gathers information to assess the needs of its target market; (3) the product and service needs of your target market; (4) the extent to which the products and services offered meet those needs; and (5) the effective demand for your products and services among the members of the target market.

**Marketing/Outreach:** Describe your strategy for marketing your products and services to your target market.

**Eligibility/Selection:** Describe: (1) any eligibility requirements, selection criteria and/or assessment methodologies used by your organization to select borrowers or program participants; (2) the process used to select borrowers or program participants; and (3) the roles, duties and functions of any decision makers in this process. Attach copies of any key tools or evaluation instruments used to make selections.

**Program Implementation:** Describe how your products and services, program design and implementation strategy are effective in meeting the needs of the target market and in achieving the goal of increasing access to credit.

## Part II: Narrative Responses

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**Accountability:** Discuss your organization's methods for soliciting feedback from Microentrepreneurs served to ensure its accountability.

### Quality

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**Underwriting:** Attach a copy or describe your organization's policies and procedures for underwriting loans, loan guarantees or other credit enhancements.

**Portfolio Management:** Attach a copy or describe your organization's policies and procedures for monitoring and managing its portfolio (including establishing and adjusting loan loss reserves, portfolio review policies, delinquency and write off policies, and loan restructuring policies).

**Risk Management:** Attach a copy or describe your organization's policies for evaluating, mitigating, and managing the risks of its lending activities (e.g. liquidity and concentration policies).

### Sustainability

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Identify the greatest risks to the financial viability and performance of your organization over the next few years. Discuss:

- (1) how you will address such risks given the strengths and weaknesses of your organization;
- (2) the anticipated resource environment;
- (3) your overall strategy for enhancing sustainability; and
- (4) the effectiveness of your organization's strategy to improve organizational sustainability (e.g. fund raising strategies, increasing earned income, etc.).



## Part III: Management Information

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Each applicant shall submit the information requested below. This information will be used to assess the financial health and organizational structure of your organization.

### Financial Health

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**Financial Statements:** Please submit copies of your: (1) year-end audited financial statements for the past three years (e.g. balance sheets, income and expense statements, cash flow statements); and (2) internal quarterly financial statements for the period ending March 31, 1999. Complete the Portfolio Quality Chart on page 11 and the Sources of Support Chart on page 13.

**Operating Expenses:** Please submit copies of your three most recent annual income and operating expense statements. If your program operates as part of a larger organization, please also provide information on the annual operating expenses of the Microenterprise program for the three most recent fiscal years.

### Organizational Structure

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**Organizational Chart:** Please submit an organizational chart that indicates how the Microenterprise activities fit within the overall context of the applicant's organizational structure. The chart should indicate:

- (1) the number of Full-Time Equivalent personnel of the entire organization;
- (2) the number of Full-Time Equivalent personnel that support Microenterprise activities;
- (3) each staff position in the organization that directly supports Microenterprise activities and to whom each staff position reports;
- (4) the responsibilities of each staff position; and
- (5) a biographical summary or resume of each individual that currently holds a staff position that directly supports the Microenterprise activities that indicates previous work experience and education that relates to his/her current duties.

**Board of Directors:** Please submit a current list of governing and advisory board members that includes their organizational affiliations and contact information.

## Part IV: Excellence Essay

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Each applicant shall submit an Excellence Essay that addresses the following questions. The essay should not exceed one (1) page in length.

***“How has your program demonstrated excellence in the award category it has applied for? Why should your organization be selected to receive a Presidential Award?”***

# Charts

<b>Program Scale Chart</b> (If not applicable, write "NA")				
	FY 1996	FY 1997	FY 1998	Since Inception
Number of clients served <sup>1</sup>				
Number of clients receiving loans or guarantees				
Number of Micro Loans made				
Total dollar amount of Micro Loans made				
Average dollar amount of Micro Loan made <sup>2</sup>				
Number of Micro Loan guarantees made				
Total dollar amount of Micro Loan guarantees made				
Total dollar amount of Micro Loans backed by guarantees made				

## Notes to Program Scale Chart:

<sup>1</sup> Client means a Microentrepreneur or prospective Microentrepreneur that has received financing or other services from the applicant.

<sup>2</sup> Average dollar amount of Micro Loans made means total dollar amount of Micro Loans made divided by number of Micro Loans made.

<b>Program Impact Chart</b> (if data is not available for any of these measures, write "NA")				
	FY 1996	FY 1997	FY 1998	Since Inception
Number of full-time equivalent jobs created <sup>1</sup> & <sup>3</sup>				
Number of full-time equivalent jobs retained <sup>2</sup> & <sup>3</sup>				
Cost per job created or retained <sup>4</sup>				
Number of clients whose businesses are still in operation				
Microenterprise formation rate <sup>5</sup>				
Microenterprise survival rate <sup>6</sup>				
Average increase in dollar amount of client business sales (or revenues) <sup>7</sup> & <sup>8</sup>				
Average increase in dollar amount of client business assets <sup>9</sup>				
Average increase in dollar amount of client household income <sup>10</sup>				
Other (specify) <sup>11</sup>				
Other (specify) <sup>11</sup>				
Other (specify) <sup>11</sup>				

## Notes to Program Impact Chart:

<sup>1</sup> A job created is defined as the establishment of a new position.

### Charts

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- <sup>2</sup> A job retained is defined as the preservation of an existing position that would be eliminated but for the applicant's provision of financing or other services to the microenterprise.
- <sup>3</sup> Full-time equivalent means at least a 40-hour work week. In calculating full-time equivalent jobs created or retained, an applicant may aggregate part-time jobs as a full-time equivalent job created or retained as long as the part-time jobs which are aggregated into a full-time equivalent job total at least 40 hours per week.
- <sup>4</sup> Cost per job created or retained means the total number of jobs created or retained divided by total operating expenses of the applicant's lending program.
- <sup>5</sup> Microenterprise formation rate means the total number of clients that started a business at the time of or after receiving financing or other services from the applicant.
- <sup>6</sup> Microenterprise survival rate means the total number of clients whose businesses are still in operation divided by the total number of clients since inception of the program.
- <sup>7</sup> Client means a Microentrepreneur or prospective Microentrepreneur that has received financing or other services from the applicant.
- <sup>8</sup> Average dollar amount of increases in client business sales (or revenues) is to be determined as follows: (1) the net change in total business sales (or revenues) of each client's business will be calculated by taking the total business sales (revenues) reported for the client's most recently completed fiscal year less the total business sales (or revenues) reported for the client's fiscal year immediately preceding its most recently completed fiscal year; (2) the net change in annual business sales (or revenues) for all such clients' businesses shall be added together to yield an aggregate increase in annual business sales (or revenues); and (3) the aggregate increase in annual business sales (or revenues) shall be divided by the total number of clients whose businesses are in operation as of the applicant's most recently completed fiscal year.
- <sup>9</sup> Average increase in dollar amount of client business assets is to be determined as follows: (1) the net change in total business assets for each client's business will be calculated by taking the total assets of the business reported as of the end of the client's most recently completed fiscal year less the total assets of the business as reported at of the end of the client's fiscal year immediately preceding its most recently completed fiscal year; (2) the net change in assets for all such clients' businesses shall be added together to yield an aggregate increase in business assets; and (3) the aggregate increase in business assets shall be divided by the total number of clients whose businesses are in operation as of the applicant's most recently completed fiscal year to yield the average increase in dollar amount of clients' business assets.
- <sup>10</sup> Average increase in dollar amount of client household income is to be determined as follows: (1) the net change in total household income for each client will be calculated by taking the total household income for the client's most recently completed fiscal year less the total household income reported for the client's fiscal year immediately preceding its most recently completed fiscal year; (2) the net change in household income for all such clients shall be added together to yield an aggregate increase in annual client household income; and (3) the aggregate increase in household income shall be divided by the total number of clients whose businesses are in operation as of the applicant's most recently completed fiscal year.
- <sup>11</sup> If you wish to report data on measures not defined above, complete "Other." However, you must **define** how these measures are calculated. If reporting such a measure, please provide as much information as possible about how the measure is defined and calculated.

Portfolio Quality Chart						
Capitalization and Loan Volume (by total dollar volume)						
	End of FY 1996		End of FY 1997		End of FY 1998	
Total Capitalization <sup>1</sup>						
Total outstanding portfolio <sup>2</sup>						
Aging of Loans Receivable <sup>3</sup>						
	End of FY 1996		End of FY 1997		End of FY 1998	
	Number	\$Volume	Number	\$Volume	Number	\$Volume
31 - 60 days past due						
61 - 90 days past due						
91 - 120 days past due						
> 120 days past due						
Total \$ amt of loans w/ pay. > 30 days past due						
Portfolio-at-risk <sup>4</sup>						
Loan Loss Experience						
	FY 1996		FY 1997		FY 1998	
Average outstanding portfolio <sup>5</sup>						
Write offs <sup>6</sup>						
Annual loan loss rate <sup>7</sup>						
Number of restructured loans						
\$ amount of restructured loans						
\$ amount of Loan Loss Reserves - Accounting <sup>8</sup>						
Loan Loss Reserve Ratio <sup>9</sup>						
Lending Costs and Sustainability						
	FY 1996		FY 1997		FY 1998	
Cost of lending program <sup>10</sup>						
Total Earned Income <sup>11</sup>						
Operational cost rate <sup>12</sup>						
Self-sufficiency ratio <sup>13</sup>						
Av. # loans per loan officer <sup>14</sup>						

# Charts

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### Notes to Portfolio Quality Chart

1. Total funds available or in use for lending.
2. Total outstanding portfolio means the total dollar amount of Loans Receivable (without giving effect to any allowance for the collectability thereof) as calculated from the applicant's audited financial statements.
3. Past due loans include the entire outstanding balance of loans with payments that were past due. Loans shall be considered past due if any part of the payment is past due.
4. Portfolio-at-Risk is calculated as total loans with payment more than 30 days past due divided by total outstanding loans.
5. Average outstanding portfolio reflects the average volume of loans disbursed to program borrowers throughout the course of a program's fiscal year. The figure is calculated by averaging the program's outstanding portfolio (loans receivable) at the beginning and end of the year, or on a quarterly basis if such data is available. For example: Average Outstanding Portfolio in 1996 = Outstanding Portfolio at 12/31/95 plus Outstanding Portfolio at 12/31/96 divided by 2.
6. Write offs are the dollar amount of loans that have been charged off as a loss (as non-recoverable) during the course of the fiscal year.
7. Annual loss rate = Net write offs/average outstanding portfolio.
8. Total dollar amount reserved against the portfolio for anticipated future losses.
9. Loan Loss Reserve = Total loan loss reserve divided by total loans outstanding (a.k.a. total outstanding portfolio).
10. Costs of lending program = total operation cost for the lending program. These costs shall include staffing and administration and/or overhead expenses dedicated to lending activities, direct costs, cost of capital (interest paid on borrowed funds), and loan loss provision. If costs for the lending program cannot be separated from the costs of the overall microlending program, include the total operating budget, plus the costs of capital and loan loss provision, and provide a footnote explaining these circumstances.
11. Total earned income = interest earned on loans plus fees from loans plus interest earned on idle loan fund capital.
12. Operational cost rate = Cost of lending program for the period (or total program costs, as above)/average outstanding portfolio for the period.
13. Self-sufficiency ratio = total lending revenues (loan interest and fees plus interest on idle portfolio)/cost of lending program for the period (or total program costs, as above).
14. Average number of loans receivable per loan officer = number of loans outstanding divided by the number of Full Time Equivalent personnel dedicated to lending program.

Sources of Support (By total dollar amount and percentage of support received)						
List Sources of Support	FY 1996		FY 1997		FY 1998	
	\$	%	\$	%	\$	%
Total Support						



# Part VI: Excellence Program

## Innovation (optional)

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The Excellence in Program Innovation award recognizes MDOs and/or MSOs that best reflect the next level of development for the Microenterprise field and/or a new strategy for addressing a challenge, problem or issue of significant concern to the field. The CDFI Fund can select up to two organizations to receive a Program Innovation award. Applicants seeking a Program Innovation award must apply under either the Access to Capital, Developing Entrepreneurial Skills, Poverty Alleviation or Public or Private Support award categories to be considered for a Program Innovation award. An applicant will be evaluated using the selection criteria outlined for the respective award category in which it applied. Applicants must be competitive within such award category to be considered for a Program Innovation award. Applicants seeking a Program Innovation award will be evaluated using two additional selection criteria: (1) Creativity; and (2) Relevance to the Industry.

- ★ **Creativity:** To what extent does the applicant demonstrate a “leap of creativity” in the design and implementation of its Microenterprise programs?
- ★ **Relevance to the Industry:** To what extent is the innovation developed by the applicant relevant and important to the Microenterprise development industry?

### Innovation Essay

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Each applicant seeking consideration for a Program Innovation award shall submit an Innovation Essay that addresses the questions below. The essay should not exceed two (2) pages in length.

- ★ What key element(s) or feature(s) of your program do you consider innovative and why?
- ★ Why did you develop the innovation(s)?
- ★ Within the award category in which you applied, discuss any key innovations developed by your program to facilitate achievement of the goals of such award category (e.g. promoting access to capital, facilitating development of entrepreneurial skills, alleviating poverty, or promoting the development of microenterprise industry through public or private support)?
- ★ How does the innovation(s) reflect the next level of development for the Microenterprise field and/or respond to a challenge, problem or issue of significant concern to the field?
- ★ How is the innovation(s) developed by your organization relevant and important to the Microenterprise field?